REGION 4 MONTHLY HIGHLIGHTS
APRIL 1993

I. VOLUME

Brand	VOL MTD	VOL YTD	% CHG vs. LYTD
Marlboro	891.8	5,359	- 10.0
Full Margin	1,186.2	7,392	- 15.1
Total Discount	1,225.2	4,797	49.6
Deep Discount	983.4	3,759	85.5

(Volumes as of 4/30/93)

II. PM BRANDS

New Products

B & H Special Kings

41 B&H continues to sell in isolated areas, but very slow overall. Complimen-tary product shipped to select wholesalers depleting inventories and moved as B1G1Fs. Menthol packings will be picked up as instructed by NYO after 9 months. This should deplete additional inventories, but a considerable amount of product will not be re-ordered, especially in the rural geography's.

44 Continues to move slowly at retail, even with incentives. Some high volume accounts are showing some movement with the Lts. packings. B1G1F are slowly moving. Old packings are being returned. SMSI program is scheduled to commence May 9, 1993. DM Lenny Carpenter and UM Brian Griffith met with SMSI field coordinator to ensure smooth implementation of the program. Also, executional modifications were made to the program to ensure great likelihood of moving units, i.e., Cash & Carry program with select distributors.

Marlboro

42 - Marlboro has shown a consistent decline in unit shipments and retail take-away from 6 months, ending January. February Nielsen indicated that Marlboro has flattened its losses and is beginning to grow again (+.39, 1mm, Feb.). Visual inventory has begun to improve (up 36.27 to 10.3 share), but is far short of the deserved share of 16. We are pressing against this through heavy-up coverage on c-stores and supermarkets. Share of total inventory is up 47% to 10.76. Constant progress is being made toward our goal of 16% share of visual and total inventory.

Marlboro is struggling to fight the constant pressure of deep discount. Marlboro in the marketplace is $2.10 per pack where deep discount category is $1.10 per pack. Although we have made major headway in the market with convincing the retailers to improve profitability on the low end, we still have the problem with the average price of Marlboro being over $2.00.

Marlboro Leadership Program

41 - Awareness for MLP is very high. However, in most cases, we had to reiterate the intent and duration of the program. Non-scan retailers have expressed concern with the 120% volume cap and the event occurring over Memorial Day weekend. Retailers feel that the quantities will be inadequate and a potential exists for them to lose money on the offer.

2045058707

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

Chain accounts are concerned about cash flow with MLP. During 4 weeks, substantial dollars will be in receivables. Given the time lags with chain invoicing, even at 2 week intervals, it is recommended that we use drafts to accomplish payments at HQ accounts also.

The sell-in of POS to support MLP at the HQ level was hampered by the fact that we had no advance kits to review with the accounts. While the accounts are accepting POS, placement quality and visibility could be improved by sending advance kits to account managers.

42 - The Marlboro Leadership Program has been accepted in 70% of our accounts. The program was met with enthusiasm and concern. The co-op program remains to be a concern with the retailers, but for the most part, is being participated in for the fear of what their competitors will do. This is part of the campaign. The retailers that co-op will understand the value of Marlboro and the retailers who do not will feel the result.

We are beginning to get inquires from non-workload retailers, directly and through our distributors (mostly through distributors). This will become a problem during the promotion and should become a priority in procedure development.

The MLP is great and we must continue to focus on leadership with Marlboro. The program will be successful, but must we develop programs that are so difficult to implement? We will have approx. 6,500 accounts beginning this program at once. The logistics behind covering these accounts with this type of promotion alone is a nightmare, not to mention the management of the administrative and financial responsibilities, coupled with the part-time auditing force against this program. Then, when you add on national accounts who want coverage two to three times per week by the Sales Rep, to sticker and monitor the program, you begin to limit the ability to effectively implement the program. All in all, it shall be done. "It is, what it is," and we will get the job done and it will produce results.

44

- Acceptance is good.
- Where margins are high, retailers are accepting co-funds at 50% of accounts. Lower margin stores are not accepting co-funds, only 20% of accounts.
- Accounts requesting stickers for MLP Program to track packs and cartons which have been reduced.
- Accounts are concerned with compliance.
- Most refusals to participate is mainly due to retailer's requirement to run program for four weeks against 120% allocation and fear of running out of product and paying out of account's pocket.

Marlboro Van Program

41 - The program was scheduled for kick off on 5/3/93. This program has generated much excitement at retail. Many retailers are gearing up for the program with ad support, reader board announcements, and tie-in activities such as other parking lot activities for the same day (i.e.; hot dogs and cokes for $.25). The major obstacle is the lack of advance POS kits. Allocations were just put in UM's allocation 5/4/93. SR creativity and retailer enthusiasm has helped offset these problems.

On 4/25/93, an FSI drop was made for Marlboro $4/$5 off carton and a bonus mileage certificate. This appeared in all major publications in the Section. No advance notice was given to the sales force. As a result, opportunities to sell additional volume was lost and OOS were created at retail. It is recommended that Trade Marketing use Octel or MS Mail to inform of a coupon drop if time is tight to prevent this from occurring again.

43 - During the first week of May, meetings are being held to launch this program Section-wide. Requests from retail has been excellent, securing summer dates will be no problem.

2045058708

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

44 - The Marlboro Van Program is underway in selected areas. Sales reps report that accounts are selling as much as 60% more Marlboro for an average days sales when the van is present. In units that have not started the van program, retail awareness that it is coming is very high. Scheduling to prevent conflicting dates will be very important to the success of this program. Also, P.O.S. informing consumers of the van arrival date and the incentives to be used will greatly increase sales. Consumers are eager to fill out the surveys in hopes of receiving coupons at a later date.

Marlboro Adventure Team

41 Product now sold out. New catalog being received well. Longevity of banners and other outdoor materials is surprisingly good.

43 Win the Gear Here - The 2nd Edition catalog is refueling excitement at retail, while variety of choices are appealing to more smokers than the 1st edition.

44

- Feedback is very positive.
- Consumers are switching brands for miles.
- New catalog has created additional excitement.
- Retailers and customers are happy with additional quantities of 2 pack MAT product.
- New advertising is generating awareness.
- Customers are utilizing Marlboro 800 phone number.
- Direct mail and FSI increasing sales.

Marlboro 5 Pack

43 Marlboro 5 Pack

To date, 171 Management Accounts have accepted the Marlboro 5 Pack.

Non-Direct Accounts Pending: Walgreens; 21st Amendment; Foodtown

Direct Accounts Pending: Skiles; J.C. Groub

44 Growth is spotty by territory. Suggestions from the field: promotions and fixtures for permanent home for 5 packs, such as 4x4 or 6x6 displays. CF's are being utilized for 5 packs. The Marlboro Van Program has helped 5 pack sales.

Virginia Slims

41 VS sales have stabilized. Misty is still hurting sales because of price and consumers report the brand taste is equal to VS. A 10 pack does not increase sales to combat Misty. Suggestion would be to offer B1G1F or $.50 off a trial pack to be competitive.

43 The KY Derby 2 Pack - Intended to capitalize on excitement created by the Kentucky Derby to gain additional exposure for this brand.

Price Value

41 Alpine/Cambridge - Current coupon values of competitive brands are in the $4 to $4.50 range. As a result, we have been consistently lower than the competition. Based on current coupon budgets and the job description of the DBM, current budgets are inadequate to ensure a continuous supply of coupons. Our inability to coupon enough packs during DBM and/or SR visits has allowed Doral buy-downs to be even more effective on packs.

2045058709

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

43 Cambridge - KY Derby $4.00 Coupon w/ Bounceback - To build on the extra traffic surrounding the KY Derby and improve inventory depth at retail.

44 Cambridge selling well with carton and pack promotions and B1G1F.

Sales for Cambridge and Alpine are slowing due to lack of coupons and stickers to meet competition. Cambridge catalog well received.

Deep Discount

Basic

41 All packings of PM's deep discount line up have made an impact at both retail and wholesale accounts. Basic sales have increased even with late entry and strong pre-existing Private Label sales. The down side is an ever increasing number of wholesaler complaints. As Basic takes market share from the competition, it also is drawing from our Private Label family.

42 Basic continues to accelerate throughout the State of Michigan. The recent change of price created confusion, but is now in line. Surprisingly, a number of distributors are trying to keep the lions share of the $.55. L&L is trying to maintain all or meet competitive offers. We must continue to keep Basic's price competitive, for it is a pricing product. As we begin to move this product to a retail pull, building value to the franchise, we must be cautious in utilization of incentive versus price. T-Shirts, hats, etc. are dangerous items to try to drive a product with. Cambridge is a good indicator of this.

Our competitor's attempts to selectively buy down their deep discount products are being met with utilization of our B2G1F wraps. This is proving to be very effective in combating various competitive moves to capture share of the low end.

44 Basic B2G1F is doing well, helping to gain distribution. Other deep discount brands still $1.00 lower at retail than Basic. Retailers do not want a PM private label and Basic.

III. COMPETITIVE ACTIVITY

American

41 Summit, ATC's Black and White entry, is not moving as reported by direct accounts. Carlton Slim Lts. offering $.50 off pk and $5 off ctn.

ATC SRs have suspended all buy-down activity on price value products in the Columbus, Ohio Market. This is reportedly due to budget over runs.

42 Promoting Carlton Slim Lights in 30-unit "2 for 1" counter displays. Fair movement noted. Placing $3.00 carton coupons on Misty. Their combined effort on Carlton Slims and Misty is effecting Virginia Slims sales.

44 Free brass lighter with 10 pack UPCs on Pall Mall Reds - totally ineffective.

Carlton Slims - $5.00 off coupon on cartons is taking smokers away from Regular Carlton and Misty, but not PM.

Carlton B1G1F - Keeps Carlton smokers but does not attract switch smokers.

2045058710

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

Montclair $3.00, $15.00 bounce back with ten carton proofs, not a factor on PM brands.

Riviera ball cap is not helping this brand. Menthol smokers are not switching to this for price. Quality is not good and taste is poor.

Private Stock continues to show good movement at $.99. Some switching from Best Buy and Basic.

Brown & Williamson

41 Buying down GPCs in many accounts to $.05 per pack less than PM's low-end entry. They are heavily promoting GPCs in large volume accounts. They are buying down $2 per ctn and $.20 per pk. The movement of GPC has been tremendous in PA. GPC is the cheapest product at state minimum pricing.

42 In high-volume outlets, B&W is couponing GPC at $2.00 off per carton. This is having very little effect on Basic movement in these accounts. It is rumored that B&W will soon be lowering the list price on GPC to match Basic and Monarch.

44 GPC $1.00 off carton coupons. Although this couponing at one time is affecting PM Black & Whites. Best Buy is actually attracting brand loyal consumers that will not buy GPC or Best Value.

In rural areas, GPC is matching Basic pricing. Consumers are still looking for Best Buy.

Kool $2.00 off carton coupons are having no affect on our menthol packings, however, it is helping Kool purchasers from switching.

Capri is offering a free "Totes" umbrella with a 2 pack purchase. Virginia Slims smokers are switching to receive this incentive.

In reaction to the MLP, B & W has their sales reps calling their office on a daily basis to report on the progress and activity of this program.

Liggett & Myers

41 Chesterfield, L & M, Lark, & Eve B1G1F, $4 off all FM; Pyramid $3 and $4 off ctn. L & M selling Pyramid in large volume accounts at $8.99 and $9.99 non taxable. Not much movement.

44 Eve B2G1F is showing very slow movement and has no affect on PM brands.

Liggett's brokerage reps are starting to reset Jewel package fixtures. They are replacing Marlboro rows with L & M and Chesterfield. This is causing out of stocks on Marlboro Reds and Lights.

Lorillard

41 SRs indicate Newport Stripes will be discontinued.

42 Promoting Newport in 30-unit counter displays offering a free Racing Mug with a 2 pack purchase. In select accounts, the mug is being given with a 1 pack purchase. Fair movement noted.

2045058711

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

43 Old Gold - Lower Price to Branded Generic, June '93. Revive brand by positioning it in the growing price value segment to capitalize on new business. No early responses have been noted.

44 Newport $.50 off a pack is not attracting new smokers. It is, however, helping Newport smokers' brand loyalty.

Old Gold is being introduced as a generic. There will be 4 packings of the brand: Full Flavor Kings, Full Flavor 100's, Light Kings and Light 100's. Since Lorillard has been reluctant to enter the generic market, this introduction is not a threat to Cambridge.

True box is being offered with a $3.00 off carton coupon. So far, this new introduction is only seeing True soft pack switch-overs.

R.J. Reynolds

41 Winston is going to $4 off invoice on all packings to combat MLP. All new UPCs are needed to be added, causing wholesalers problems with additional line numbers. They will only be able to have a one time buy-in with allocation for orders.

Part timers are now riding in the Sales Rep's van, and does all maintenance items while Sales Reps sell. This cost savings move saves on paying mileage on part time help vehicles.

Retailers indicate RJR will promote Winston, Salem, and Camel in Retail Masters accounts in May, June, and July. They will buy down 80 cartons for a two week period at $5 off per ctn or $.50 per pack. They have been asking retailers for co-funding to do this three times in the three month period.

42 In the U.P., Reynolds is buying down Doral in accounts where we have couponed Cambridge at $6.00. They are combining $4.00 coupons with a $2.00 per carton buy-down to match our offer. Their reaction was fairly quick, but we were able to attract some Doral business in the three to four weeks it took them to respond.

RJR is presenting their $4.00 Winston program at wholesale and retail level in response to our MLP. In some accounts, they are offering to match Marlboro's price reduction with no co-funding required. The trade is not very excited about this program, but most are going to participate. Also, currently promoting Winston in 3 pack wraps couponed at $1.00 off.

43 Camel Special Lights - Continued introduction to capitalize on Marlboro Lights strong market. Currently, distribution is at 90%+ with display visibility estimated at 75%. Sales have been strong with promotional B1G1F, however, non-promotional product seems slow.

Camel - Direct Mail, Camel Special Lights, Reg. Camel: $3.00 Off Ctns., B2G1F Packs. Placing coupons directly in the hands of smokers.

Winston/Salem - $4.00 off Ctn./$.50 off Pk Coupons - Intended to position these full margin brands at price value prices. Current inventories are being couponed on carton and pack fixtures. No displays are being utilized.

Winston Free KY Derby Lighter - Worked mainly in Louisville market to gain exposure for the brand.

Winston Summer Promotion $4.00 Ctn/$.40 Pk - To offset the impact of the MLP.

2045058712

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

44 RJR is offering two free World Championship Boxing tickets when two Winston pack wrappers are presented at the Rosemont Horizon box office on April 26, 1993 (value at $20 - $30). This was very limited and generated more cost to RJR than consumer trial.

Doral $3.50/.35 - $4.00/.40 is still effective in accounts where we don't coupon.

Camel Special B1G1F is not doing well at retail. Buy Two Get Brass Lighter is not doing well either. This new brand is having no affect at all on PM brands. Even triple Camel Cash is not helping sales.

R.J. Reynolds sent out a press release on 4/26/93 announcing the reduction of Winston by $4.00 a carton or $.40 a pack for the month of June. They will also offer Camels for "2 for 1" pricing. Their logic is "We don't like doing these things but we would defend our brands." R.J. Reynolds will not cut the price of its menthol cigarette brands or discount brands. R.J. Reynolds will discount their brands directly through the wholesalers. There will be no monitoring of this program or any contractual agreements. Retailers responded by saying that Reynolds is already couponing Winston and Salem at $4.00 and $5.00 off a carton and they are not moving. The price reduction won't change anything.

IV. CUSTOMER / KEY ACCOUNT DEVELOPMENT

Section 41

To date, 45% of chain accounts have accepted MLP.

SBO proposals have been positively received by all reporting managers. Many awaiting these business building opportunities for their growth.

CSDC - SAM Rob Cordes is trying to work out a B1G1F Program with Steve Vasquez, Trade Marketing Manager, and Peter Henriques, B&H Brand Manager in New York to move 145 cases of stamped product sitting at CSDC from original allocation.

Kroger Cincinnati - Retail Masters contract was signed May 3, 1993. Account dropped two payment buckets as well as being signed to MPL1. Pack and carton plan-o-grams were signed and approved April 27, 1993. Schedule designed for Units to set up two man teams resetting two stores per day. All Krogers should be reset by May 21, 1993 before Leadership begins. Follow-up on Leadership to be finalized May 11, 1993.

Kroger Columbus - Carton and package fixture implementation is nearly complete, with the exception of stores which have not yet been retrofitted with RJR end-cap gondolas. Items still needed for full implementation: Carton and pack signage, aisle marker signs 20" X 30.5" which will hang in 25% of all aisle inserts (Marlboro Red Roof) and Marlboro 5 pack display - both checklane and CF units. June 14 shipment of fixture items to field.

MLP negotiations continue with account personnel to resolve co-fund issues. Kroger has agreed on distribution of Marlboro packings, store displays, call-outs, and POS.

Giant Eagle - Retail Masters implementation progressing.

Phar Mor - Merchandising plan negotiations are pending.

2045058713

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

Section 42

Admiral Petroleum - Admiral, in an attempt to make their great cigarette program better, had made several moves with various competitors that jeopardized their Retail Masters Program. SAM Gary Barton visited all stores with Mark Pierantoni, Operations Director, to insure compliance.

Admiral also became the national broker for a deep discount brand, USA, made in Richmond. After discussions about this brand, Admiral has decided to eliminate these plans.

L & L Jiroch - Mike Alexander, President, met with DM Roger McAlister and Gerry James to request a wholesale private label. After discussions, Mike stated he really did not want to carry a WPL, but was being forced to by the competition. We are in the process of working with L&L on Basic. He is willing to work with us and postpone action on WPL. We discussed AAV, which may have some potential to solve their needs.

Bay City Milling - Purchased by Roundy's. Roundy's will operate from Midland Grocery servicing Giant Food Stores. Bay City purchased 33 million units, which will shift to Roundy's.

King Michigan Sundries - Opening an additional smoke shop in Flint.

Eastern Tobacco - Has opened two smoke shops in Metro Detroit.

Section 44

Walgreens - Will be developing a new district in Chicago during May. Also, they will be going nationwide with Retail Masters on a district by district basis as hardware becomes available. 3,000 counter displays allocated to SAM Russ Martin 5/02/93.

Clark Oil - Has asked Philip Morris to combine their Chicago, St. Louis and Wisconsin districts in Chicago for all promotional activity. This will give Clark uniformity on promotions and scheduling.

V. OTHER

Miscellaneous

41 - Coupon Problems - April 1993

All of Section 41's Alpine and Cambridge April budget should have been entered into the system no later than April 30, 1993. However, the Cambridge $.40 coupons and stickers were not available in the system during the first part of the week of April 26, and no coupons were available on April 29 through May 3, 1993. Tim Ryan in the NYO was contacted and he stated that they were working on the system. All coupons, except $5 were again available to order on May 4, 1993. Per Arun Sinha (May 5, 1993), strategically we are getting away from $5 coupons. - no $5 coupons can be ordered. As a result, 21,000 $5 coupons could not be ordered.

Merit $.50 off pack coupons and stickers were allocated for Cincinnati District, however, the system did not reflect the correct budgeted dollar amounts. Currently waiting for adjustments to be made by NYO.

2045058714

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

44 - Consumers, as well as retailers, were very confused about the PM press release of April 2, 1993. Reps have been inundated with questions about PM in general and when the price of Marlboro will be reduced. Many consumers have noted an increase in promotional activity before the press release.

A local news report in Chicago noted that a health company will start an advertising campaign soon to discourage smoking. The advertising campaign will include billboards and local radio.

Alderman Edwin Eisendrath's proposal of increasing the non-smoking areas in restaurants to 50% failed in the Chicago City Council.

Region Events

Section 42

Kentucky Derby - SSD Gerry James attended the derby with Mark Lamberies, VP of Operations for Glen's Supermarkets. Mark had a great time and commented how nice the event was ran.

During the event, SSD found that Giant Supermarkets is developing a totally new format, which will be similar to the Winn Dixie Marketplace in Louisville, which Mark criticized heavily and pointed out the problems.

The derby event, was a worthwhile event, but too long.

Genesee County - Genesee County is attempting to pass legislation that would eliminate self service merchandising, sampling, smoking in public places and mandatory smoking restrictions in offices. Garb-Ko and Mr. B's spoke in opposition of the proposal. The issue is expected to come up before the Board of Commissioners in June. We will enlist our retailers to present.

Section 43

Again this year, the Kentucky Derby afforded us an excellent opportunity to build on our relationship with key customers. Among the accounts attending this event were:

Al Baker - Marsh Supermarkets
Terry Cox - Kroger Cincinnati, G.O.
Don Christensen - CFM Distribution
Larry Allen - Kroger Louisville
Randy Collier - Axton Candy & Tobacco
Jim King - Johnson Oil
Nick Tsataros - Super X Drugs
Ted Varner - CSDC
Tom Roesner - Seaway Foodtown
Mike Phelps - Kroger Louisville
Mike McNerney - Miller & Hartman
Mark Lamberis - Glen Markets
Ron Geis - Super America
Bill Newcomb - Newcomb Oil

2045058715

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

Cambridge sponsored the infield festivities on Friday, 4/30/93 for the Kentucky Oaks. Over 30,000 Cambridge sun visors were given out. In addition, excellent visibility via Cambridge banners and exterior POS was attained throughout Churchill Downs.

The placements of two customized KY Derby promotions were accomplished during April.

Virginia Slims 2 Pack With Derby Thermal Mug

Placed in the Greater Louisville area. The entire allocation (1,000) of 20 unit displays were placed at retail. All key chain accounts, including Kroger, Winn Dixie, Thornton Oil, Dairymart, Taylor Drug, and Super X accepted the promo. Consumer response was outstanding.

Cambridge $4.00 Coupon With KY Derby Clothing Catalog

Well received. 162,560 $4.00 carton coupons were placed in conjunction with this program. Retailer response was excellent with the Louisville Kroger and Winn Dixie divisions among key carton outlet participants. The tie-in with our KY Oaks Day sponsorship should stimulate Cambridge sales throughout this market.

2045058716

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

APRIL MONTHLY HIGHLIGHTS
REGION 5

I. VOLUME (5/12/93)	Month	YTD	% Change YTD
Marlboro	440.6	5,333	-21.7
Premium	168.8	2,215	-25.6
Discount	313.9	2,896	66.6
Famous Value	144.8	1,343	96.3

II. PM U.S.A. BRANDS

A. New Products

Marlboro 5-Pack
Where packing is priced under $10.00, movement is steady. The Marlboro B3G2F negatively impacts the sale of this packing. The $2.00-off Marlboro 5-pack promotion should help alleviate excessive inventory levels.

Basic
The recently introduced 75¢ distribution incentive allowance coupled with the extension of gratis has enabled us to expand distribution, and in many cases, obtain a competitive price advantage at retail. There remain many instances where we are disadvantaged, such as at Costco where we are at a 76¢ per carton differential between Basic and RJR's Bonus Value. Some resistance still exists from retailers not to carry multiple Deep Discount brands.

B & H Special Kings
At this time, the brand is all but dead and won't be revived even with 2 for 1's. Accounts have lost confidence in the brand and are not reordering.

B. Full Margin

Marlboro Adventure Team
The second edition catalog was very well timed and has helped to negate a big splash from Camel's new 1993 catalog. The MAT B3G2F Promotion has been extremely well received at retail with all allocated product sold during the first wave and we continue to finalize sell-in of the second wave. Excellent consumer response to the FSI $4-off Marlboro in the Sunday paper, 4/25/93.

Region VPR Program
Sell-in of the Region Promotion is progressing well. This promotion is very timely in that we are able to immediately respond to all RJR initiatives where they are targeting the MLP Program. Using this promotion along with an immediate tie-in to the MLP enables us to promote Marlboro for an extended window and thereby tying up retailer inventory dollars. There are many concerns over the nature of the wrap as it pertains to scanning stores. The wrap functions as a coupon, causing confusion at the retail level. The UPC scans as a debit (coupon) rather than a price. Apparently the technology needed to scan this type of UPC is not predominately available. The most functional use of UPC codes for this type of promotion would be a UPC printed on the outside of the sticker that would scan as a special two or three pack code. The danger as it exists is that a retailer will treat these UPC's as coupons. The process as it exists requires the cashier to peal off the sticker, scan the product and scan the UPC for the deduction. We have no chain accounts where this process is preferred over a simple 2-Pack/3-Pack code.

2045058717

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

The lack of POS materials has led us to find our own materials for price call outs. We are utilizing temps from Kelly Services to assist in placing wraps however, it is a time consuming process as it is taking a SR and temp approximately 20 minutes to wrap 30 cartons. VPR stickers are all pre-printed with 75¢ off and this is confusing in accounts where we are co-funding. A suggestion for a future promotion of this nature would be to leave the pricing area blank so SR's can label the price. Some accounts have complaints on the number of promotions in such a short period of time.

III. COMPETITIVE ACTIVITY

A. R. J. Reynolds

In response to MLP, RJR will have a Winston summer promotion at $4.00 off carton/ 40¢ off pack. Direct Customers beginning 5/17 through 6/11 may purchase all styles of Winston which are specially marked $4.00 off carton/ 40¢ off pack and utilizing a special promotional UPC code. Allocations to Direct Accounts are based on past purchases from 2/1/92 through 2/26/93. The promotion window is 6 weeks, however, allocations are based on 4 weeks business. Additionally, we have heard reports that RJR will coupon Camel and Salem at store level with values ranging from $3.00 to $4.00.

In San Francisco's race markets RJR is working a Winston Cup auto racing, offering catalogs to win prizes for guessing the winners of the Winston Cup races. This promotion offers price discounts of 50¢ per pack and POS for Marlboro smokers to take the challenge. Also, a Winston Million Lighter collection offers five lighters with a Nascar racing theme with a 4-pack purchase. A certificate is also attached which can be redeemed for a free race ticket with the purchase of one.

In Arizona, RJR has begun to implement their reaction to our Marlboro Initiative by reducing price of Camel, Winston and in some cases, Salem at retail up to $5 off invoice. This is creating interest and excitement with the retailers, as RJR is putting no restrictions on the program and made the buy down simple.

In Section 54, RJR has responded to our MLP Program reportedly buying down all packings of Camel and Winston $5.00 a carton, 50¢ a pack. Sell-in is from a minimum 120 cartons to 400 cartons maximum, with Camel being the brand most actively promoted.

In the greater L.A. area, RJR is conducting a test promotion. For every $1.00 spent on RJR products, the consumer receives a raffle ticket which represents a chance to win a mountain bike. Drawings are held every 45 days. Retailers are required to advertise in a local newspaper. We will continue to monitor and provide any additional information.

The San Francisco market reports a generic van program whereas part-timers sell Monarch to retail which has been purchased from wholesale clubs, in many cases as the cheapest cigarette.

RJR has obtained deep distribution of Camel Selects, however, retailers are stating sales are minimum.

The Sacramento market reports Extra Value, RJR's private label, at The Cigarette Stores with a retail price of $9.97 (Kings) and $10.27 (100's).

2045058718

Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

B. Brown & Williamson

$2-off VPR on GPC with unlimited quantities. Payments are paid by the Sales Force upon verification of invoices.

Reportedly paying up to $50.00 for GPC banners in select locations.

Section 53 reports a $30.00 payment per month per store if an account places a Viceroy banner and counter balance. Change mats offer a payment of $5.00 per month with a maximum of four per store.

C. American

The Fresno market is offering $5-off VPR on Montclair, having a definite advantage over other Deep Discount brands.

In Section 54, Montclair has coupons ranging from $4.00 to $7.00. The most aggressive deep discount locations have a maximum of 300 cartons per account. At that rate, at $7.00, there is definite consumer interest.

Summit is offering 12 packings in the San Francisco market with a list price of $7.34 (Kings) and $7.59 (100's). No further details available from wholesalers.

IV. CUSTOMER DEVELOPMENT

Albertsons, Spokane Division (25 stores)
Region VPR Program has been sold to all 25 stores with a plus-out of 168 cartons per store.

Albertsons Corporate (654 stores)
We have received the authorization to present the Region VPR Program to all Divisions.

Fred Meyer, Portland, Oregon (118 stores)
Retail Masters implementation is 90% complete. Basic will be available for stores to order beginning 5/6. However, Fred Meyer has recently accepted RJR's Monarch and will be priced equivalent to Basic. Best Buy will continue to be carried and sold at the lowest deep discount price. Fred Meyer has accepted participation in the MLP from 5/24 through 6/20.

Plaid Pantry, Portland, Oregon (102 stores)
Plaid Pantry has accepted the Region Initiative and will be running 3 packs of Marlboro at $1.96. However, Camel will be running a similar promotion during the same time frame.

Costco, Kirkland, Washington (87 outlets)
A prototype for the Costco signage was sent in the week of 4/19/93 and will be presented for final approval during the first week of May. Marlboro 5-Pack fixture remains on hold due to lack of sales.

Southland, Northwest Division, Portland, Oregon (431 stores)
Store owners signed up to the CVC Program are unhappy with the carton portion of this program in terms of maintaining self-service cartons. 7-Eleven is choosing to sign to Retail Masters are not required to maintain self-service cartons.

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Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000

Vons, Arcadia, CA (343 stores)
Vons will be a participating sponsor for the Virginia Slims Tennis Tournament of Los Angeles. They will place a Virginia Slims water bottle floor display in 322 stores during the 7 days of the tournament. They are very pleased to participate as a sponsor this year. Our 4-ft. Marlboro package fixture has been installed in 29 units. Anticipate 100 locations to be placed by mid June.

Albertsons, Brea, CA (94 stores)
We are encountering several problems regarding Retail Masters. AV units are being removed, Marlboro displays are being removed, and the 12-ft. NSS carton fixtures are being reduced to 8 feet.

Ralphs Grocery, Los Angeles, CA (157 stores)
Implementation of our Marlboro express checklane is targeted for July 5th. A new Retail Masters contract was signed effective January 1993 to reflect lower volume category.

Kennedy Wholesale, Glendale, CA
Accepted Basic and will be dropping Value Crest to better position themselves for Wholesale Masters activity.

7-Eleven Hawaii, Honolulu, HI (58 stores)
Basic test is going better than expected. Requested additional B1G1F wraps. This should continue to ensure steady movement during this test period.

V. SECTION/REGION EVENTS

The Alvin Ailey Dance Troupe was hosted in Sacramento on April 27. It was well attended by customers who enjoy the performance as well as the reception.

We participated in a local Mobil trade show in La Jolla, CA. We are in the process of responding to 40 request forms filled out at this trade show.

The Long Beach Grand Prix took place this period. Conducted a POS blitz April 15th and 16th. Over 800 pieces of POS were placed in the surrounding area. This event was very well received by our accounts who were very appreciative of the invitation, support, and activity.

VI. ORGANIZATION/PERSONNEL

One SR was hired from USC via the college recruiting program.

VII. MISCELLANEOUS

In the San Francisco market, distributors are expressing concerns over Retail Masters signing in wholesale clubs and contemplating opening their House to a cash and carry to be able to receive the benefits of both Wholesale and Retail Masters.

The state of Hawaii has gone to a flat rate tax. The tax rate will be 60¢ per pack on July 1st and 70¢ in July of 1994. This change from the ad valorem will decrease the price gap between full margin and deep discount packings in the state of Hawaii.

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Source: https://www.industrydocuments.ucsf.edu/docs/jlxl0000